

Larry E. Craig, Chairman  
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No. 3

March 10, 1997

## **S.Res. 39 – Resolution Authorizing Expenditures By The Governmental Affairs Committee**

Calendar No. 26

Ordered reported by the Committee on Rules and Administration, with an amendment in the nature of a substitute on March 6, 1997, by a party line vote of 9 to 6 (one Democrat voted "present"). No written report was filed.

### **NOTEWORTHY**

- Pursuant to a unanimous consent agreement entered into on March 6, 1997, the Senate will begin consideration of S.Res. 39 on Monday, March 10, at 3:00 p.m. While no time agreement has been reached as of publication, votes could occur as early as Tuesday.
- S.Res. 39 authorizes \$4.35 million for the Governmental Affairs Committee to investigate "illegal activities in connection with 1996 Federal election campaigns."
- The funds are provided through December 31, 1997, and the Governmental Affairs Committee is required to submit a final report on the results of the investigation to the Senate by January 31, 1998.
- In response to Democratic attempts to tie the committee funding resolution to consideration of campaign finance legislation, Senator McCain has released a letter stating his firm opposition to such a course of action (see page 3 for details).
- There have been a number of specific, credible reports in the media that officers and agents of the President's reelection campaign and the Democratic National Committee may have violated federal criminal laws governing political fundraising activities in connection with the campaign.
- Attached to this *Notice* is an "Outline [of] Specific Areas for Inquiry" and another document detailing some of the allegedly illegal activities connected to the 1996 elections. It is these sorts of activities that the Committee will be investigating.

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## HIGHLIGHTS

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- S.Res. 39 does three things: (1) provides \$4.35 million to the Governmental Affairs Committee to conduct a special investigation into illegal activities connected with 1996 federal election campaigns; (2) requires the Committee to refer any evidence of illegal activities involving any Member of the Senate to the Ethics Committee; and (3) provides the Senate Rules Committee with \$450,000 to conduct campaign reform hearings.
- S.Res. 39 reflects a compromise from Senator Thompson's initial request. Chairman Thompson had originally requested from the Rules Committee \$6.5 million for an investigation that would have included legal as well as illegal fund-raising practices.
- As reported from the Senate Rules Committee, S.Res. 39 will allow the Governmental Affairs Committee to investigate only illegal activities, preserving the Senate Rules Committee's jurisdiction over legal campaign activities.
- Senate Democrats had threatened to filibuster the funding resolution and had originally requested only \$1.8 million for the investigation with a date certain for conclusion of the investigation.
- During consideration of the resolution in the Rules Committee, Democrat members offered an amendment that: (1) requested \$3 million for the investigation; (2) broadened the scope to include "illegal or improper fundraising and spending practices in the 1996 federal election campaigns" including the legal practices of soft money and independent expenditures; and (3) requested that priority of investigatory hearings be established on the basis of illustrating the need to reform current campaign finance laws.
- S.Res. 39, as reported, addresses Democratic concerns by reducing the original funding request by \$2.15 million and requiring an end date of December 31, 1997. The scope was restricted to illegal activities because jurisdiction for reform of campaign finance laws falls in the Rules Committee. The Rules Committee already has begun hearings on campaign reform, and S.Res. 39 provides \$450,000 in additional funding to the Rules Committee for further hearings on the subject.
- Some Republicans had argued that the scope of the investigation should be limited to only the presidential election; however, S.Res. 39 applies to any illegal activities in connection with the 1996 federal election campaigns — congressional and presidential.
- Left undefined in the resolution, it is assumed that the definition of "illegal" fundraising activities will be left to the Governmental Affairs Committee to determine.

- In arguing for the limited scope, Rules Committee members said that combining "legal" campaign fundraising activities, such as soft money and independent expenditures, with alleged "illegal" activities under existing campaign finance laws obfuscates the illegalities that have occurred with respect to existing law.
- Senator McCain wrote Senate McConnell (on March 6) and expressed his concern that consideration of S.Res. 39 NOT be tied to efforts to mandate a date certain for consideration of the "McCain-Feingold" campaign finance reform bill (S. 25). Minority Leader Tom Daschle had insisted that he would bar funds for the investigation until he had a date certain for starting debate on McCain-Feingold. In his letter, Senator McCain wrote: "I believe that tying consideration of the [McCain-Feingold] bill to this resolution is wrong. . . . [W]e believe it is imperative that our right to bring the bill to the floor when we believe we have the best opportunity to pass it must not be curtailed. Simply, forcing our bill to the floor now is a cynical act that would have the effect of killing campaign finance reform. . . . I hope you and your colleagues [on the Rules Committee] will vote against any efforts to mandate a date certain for consideration of S. 25 at this time."

## BACKGROUND

### *Governmental Affairs Committee Action*

The Governmental Affairs Committee has begun investigating alleged illegal activities in the 1996 federal election campaign. To date, the Committee has issued 67 subpoenas requesting corporate records, telephone logs, and personal correspondence from individuals named in recent news accounts for their possible involvement in questionable fundraising practices.

Subpoenas have been issued to individuals such as Charles Trie, Pauline Kanchanalak, and Johnny Chung; to Lippo Bank and Lippo Holding Co.; to companies controlled by the Riady family; and to the Commerce Department, where former DNC fundraiser John Huang worked.

As of February 28, 1997, the Governmental Affairs Committee had to begin using its regular committee budget to fund the investigation. The Committee is requesting the additional funding solely for the purposes of the investigation.

### *Other Related Investigations and Actions*

In addition to the request for funds by the Governmental Affairs Committee, the Justice Department and the House of Representatives are also looking into alleged illegal activities.

Attorney General Janet Reno has created a task force of lawyers and FBI agents within the Justice Department to investigate allegations of illegal activities, and a grand jury has begun examining allegations of illegal foreign donations.

To date, the Attorney General has resisted calls to appoint an independent counsel. However, in recent weeks, the calls have grown louder from both sides of the aisle. Two weeks ago, Senator Moynihan urged her to appoint an independent counsel, as has Senate Majority Leader Trent Lott. (See also, S.J.Res. 22, now pending on the Senate Calendar.)

In addition, the Senate Judiciary Committee will consider a letter this week to Attorney General Reno calling on the appointment of an independent counsel. Under the Independent Counsel Act, a majority of the majority party members of the Judiciary Committee may petition the Attorney General to begin a preliminary investigation to appoint an independent counsel. See, 28 U.S.C. §592(g) (1994 ed.).

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### POSSIBLE AMENDMENTS

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- At a press conference on Friday, March 7, Senate Democrats indicated that they would offer an amendment to extend the scope of the investigation to include "improper" fundraising activities. Attending the press conference were Senator John Glenn, Ranking Member of the Governmental Affairs Committee, Senator Carl Levin, and Senator Joseph Lieberman.
- A second amendment, in the nature of a substitute, similar to the amendment offered in the Rules Committee by Senator Ford, is also anticipated. This amendment would lower the funding request, extend the scope of the investigation, and prioritize the hearings to highlight the need to reform current campaign finance laws.
- A technical amendment by the Chairman of the Rules Committee may also be offered during floor consideration of the resolution.

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**Two Attachments:** "Outline [of] Specific Areas for Inquiry" and "Revelations Since Original Senator Thompson Budget Request." These documents were prepared by the Majority staff of the Committee on Governmental Affairs.

## **OUTLINE**

### **SPECIFIC AREAS FOR INQUIRY**

1. The circumstances surrounding the April 1996 fundraiser at the Hsi Lai Buddhist Temple.
2. The circumstances surrounding the \$250,000 illegal contribution to the DNC in April 1996 by Cheong Am America (John H. K. Lee's company).
3. The circumstances surrounding the contribution to the DNC of approximately \$427,000 by Soraya and Arief Wiriadinata.
4. The circumstances surrounding the contribution of \$325,000 to the DNC by Yogesh Gandhi.
5. The circumstances surrounding the contribution of approximately \$639,000 by Charlie Trie to the Presidential Legal Expense Trust.
6. The question of why Charlie Trie arranged to have Wang Jun, a Chinese arms dealer, attend a February 6, 1996 White House fundraiser to meet President Clinton.
7. The circumstances surrounding the allegations that James Wood, the head of the American Institute in Taiwan, and our de facto ambassador to Taiwan, used that position as a fundraising tool.
8. The circumstances surrounding John Huang's tenure at the Commerce Department.
9. The circumstances surrounding John Huang's tenure at the DNC.
10. The circumstances surrounding approximately \$250,000 in donations by Pauline Kanchanalak (and/or her mother-in-law Praitun Kanchanalak) and her dealings with the White House which she visited about 30 times.
11. The circumstances surrounding the \$15,000 illegal contribution made by San Yan Kip International, which is operated by Charlie Trie and Ng Lap Seng -- both of whom have extensive ties to China.

12. The circumstances surrounding the payment of approximately \$250,000 from Lippo to Web Hubbell.

13. The role of Mark Middleton in any illegal foreign fundraising.

14. The roles of Mark Grobmyer and C. J. Giroir in any illegal fundraising.

15. The circumstances surrounding a \$366,000 contribution by Johnny Chung to the DNC.

16. The circumstances surrounding several inappropriate meetings by the President, i.e., Jorge Cabrera, Gregori Loutchansky, Eric Wynn.

17. The circumstances surrounding Alexis Herman's role at the White House Office of Public Liaison, and specifically with reference to the White House coffee which was attended by President Clinton, the Comptroller of Currency and the heads of several regulated banks.

18. The question of whether Boston-based Energy Partners, owned by Fred Siegel and Alan Leventhal, was chosen by HUD last year for a major lending role in a new \$200 million federal housing program, as a result of their collection of more than \$3 million for President Clinton's 1996 campaign.

19. The circumstances surrounding Ernest Green's letter in support of Wang Yun's visa application and Mr. Green's \$50,000 contribution to the DNC on the very same day that Mr. Wang, the Chinese arms dealer, actually met with President Clinton.

20. The question of whether DNC contributions influenced any financing projects undertaken by the EX-IM Bank.

21. The circumstances surrounding a \$15,000 donation to the DNC by Keshi Zahn which was subsequently returned after it was learned that Ms. Zahn makes \$22,500 per year, and is apparently a work associate of Mr. Trie and Mr. Seng.

22. Whether any illegal fundraising was conducted at the White House, and, specifically, the circumstances surrounding the so-called White House coffees and sleepovers.

23. The question of whether the Chinese government has tried to funnel money from China to the DNC, or to the U.S. election process generally.

24. The question of whether American domestic and/or foreign policy has been affected by the fundraising, specifically: our immigration policy towards Guam, Indonesia, China, Taiwan, Vietnam, Paraguay, and our policy regarding aid flights to Cuba.

25. The circumstances surrounding Harold Ickes fundraising role at the White House, and generally the overlap of the DNC/White House.

26. The circumstances surrounding Johnny Chung's \$50,000 donation which was given to Maggie Williams at the White House.

27. The circumstances surrounding any fundraising calls made from the White House.

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### **REVELATIONS SINCE ORIGINAL SENATOR THOMPSON BUDGET REQUEST**

The following are the new revelations about the campaign finance scandal that were first reported after the Governmental Affairs Committee made a request of \$6.5 million to investigate the scandal:

- Deputy Chief of Staff Harold Ickes made a telephone call from Air Force One to Warren Meddoff discussing the wiring of \$500,000 to DNC and additional sums to non-profit organizations.
- Questions have been raised concerning whether the White House database was created for official purposes, since it contained individuals' Social Security numbers, nicknames, relation to the First Family, pet political issues, and sometimes a photo.
- China may have sought to influence US policy through the direction of foreign campaign contributions to DNC in actions taken at the Chinese Embassy; it has been disclosed that Huang had contact with the embassy while he worked at Commerce.
- The NSC provided the White House with warnings about Johnny Chung (who has ties to the Chinese government) who was nonetheless subsequently granted access to the White House numerous times.
- Huang approached two business associates and offered to pay them \$45,000 if they would take \$250,000 from him and donate it in their own names to DNC.
- The White House fired 4 staff members whose salaries were being paid by DNC while they were working at the White House.
- The contribution of \$250,000 from Guam raises questions whether the sums caused the administration's shift on giving Guam the right to decide who can visit the island, to transfer to Guam the power to enforce labor law, and to allow Guam to resume control over land not needed by the US military.
- Mark Jiminez visited the White House twelve times to discuss Paraguay, and after Clinton called the country's president to express support during a possible coup, Jiminez made a \$100,000 contribution to DNC.
- The DNC returned another \$1.5 million in illegal or questionable campaign funds.
- The Vice President makes fund-raising calls from the White House.
- Hillary Clinton's Chief of Staff, Maggie Williams, receives \$50,000 contribution from Johnny Chung in the White House.
- FBI warns Members of Congress that the Chinese government was laundering money into the United States election process.